Common system of value added tax (VAT): duration of the obligation to respect a minimum standard rate

2015/0296(CNS) - 25/05/2016 - Final act

PURPOSE: to extend, until 31 December 2017, the current situation where the minimum standard rate of VAT in Member States is at 15 %.

LEGISLATIVE ACT: Council Directive (EU) 2016/856 amending Directive 2006/112/EC on the common system of value added tax, as regards the duration of the obligation to respect a minimum standard rate.

CONTENT: this Council Directive amends the VAT Directive (Directive 2006/112/EC) in order to **extend from 1 January 2016 to 31 December 2017 the period of application of the current minimum standard rate of VAT** in Member States, set at 15 %.

The text recalled that the standard VAT rate currently in force in the Member States, combined with the mechanism of the transitional system has ensured that the VAT system has functioned to an acceptable degree. In view of the **ongoing discussion on the features of the definitive VAT regime** for intra-Union trade, it would be premature to set a permanent standard VAT rate or to consider changing the minimum VAT rate.

The maintenance of the current minimum standard rate **does not preclude a further revision of VAT legislation before 31 December 2017** to address the introduction of a definitive VAT regime for intra-Union trade.

ENTRY INTO FORCE: 1.6.2016. In order to ensure the uninterrupted application of the minimum standard rate established by the VAT Directive, this Directive shall apply from 1 January 2016.

TRANSPOSITION: 1.8.2016 at the latest.